

# MINUTES

## PCF OVERSIGHT BOARD

January 3, 2013

OUR LADY OF THE LAKE REGIONAL MEDICAL CENTER  
BATON ROUGE, LA.

Mr. Clark Cossé, Chairman convened the meeting of the Patient's Compensation Fund Oversight Board at 6:30 PM on Thursday, January 3, 2013.

The following Board Members were in attendance:

Mr. Clark Cossé, Chairman	Dr. Melanie Firmin-McMullen
Mr. Kent Guidry	Dr. Katharine Rathbun
Dr. Patrick Breaux	Mr. Joe Donchess
Mr. James Hritz	Mr. Manuel DePascual
Dr. Van Culotta	

No Board members were absent.

Others present:

Mr. Ken Schnauder	Mr. Larry Warren	Ms. Amanda Strebeck
Ms. Barbara Woodard	Ms. Neelm Pradhan	Mr. David Moore
Ms. Shelly Fowler	Mr. Adam Thames	Mr. Matt Padberg
Ms. Betty Patrick	Mr. Greg Waddell	Mr. Mike Dziadus
Mr. Dave Woolridge	Mr. Tom McCormick	

Mr. Cossé called the meeting to order and asked that the record reflect nine Board Members were in attendance and a quorum was present. Mr. Cossé welcomed the guests to the meeting and asked all present to introduce themselves.

Mr. Cossé asked for public comments or questions. No public comments were made.

Mr. Cossé called for the approval of the December 6, 2012 minutes. Dr. Rathbun moved for the minutes to be approved and Mr. Donchess seconded the motion. By verbal vote, the minutes were adopted with no dissenting votes.

Mr. Cossé asked for the Financial Audit Presentation. Mr. David Moore and Ms. Amanda Strebeck of Postlethwaite & Netterville were there to give the presentation. Mr. Moore began with observing that the audit they had just concluded was the first separate, stand-alone financial audit the PCF ever had; as prior to this audit the PCF has been audited by the Louisiana

Legislative Auditor. Mr. Moore complimented Mr. Schnauder and Ms. Woodard on the efficiency of the staff; in particular, that of the Accounting section whose employees were very helpful in providing him the information needed to conduct the audit, and remarked he saw nothing amiss, nothing to be concerned about in the day-to-day operations of the office, that everything looked fine and 'on board.' There were however three findings: 1. Reconciliation of key balance sheet accounts and supporting information – PCFOB became an off-budget unit of the state, thus requiring implementation of its own accounting process (now using the accrual accounting method in lieu of the cash method previously used by the PCFOB). 2. Unpaid claim liability – recommendation was to bring six month information forward or change from fiscal year to calendar year. 3. Income taxes – PCFOB is consulting with professional advisors knowledgeable in the area of federal tax law to determine if it remains exempt from federal income taxes with recent legislation. The Financial Audit report will be submitted to the Louisiana State Auditors for reporting purposes.

Mr. Cossé asked for update and discussion on the PCF Investment Portfolio. Mr. Matt Padberg and Mr. Mike Dziadus of Cardinal Investments were present to provide an update. Mr. Padberg began with discussing options for implementing the fixed income mandate. Further discussion ensued as to the options/comparisons for the PCFOB's two investment grade bond mandates – a 27% allocation to short-term bonds and a 50% allocation to core fixed income. Nothing further can be implemented until the RFP's are approved. Once the RFP's have been approved, the next one can be submitted promptly. As of right now, the Treasurer's Office can buy mutual funds and the recommendation is to have them do so within our current portfolio. Motion by Mr. Donchess to purchase mutual funds through the Treasurer's Office and seconded by Dr. Firmin-McMullen. A question was asked by the public about the RFP process: is the RFP taking longer than normal? The answer was no, that the process can take 6 months to a year before it is completed. By verbal vote, the motion was passed with no dissenting votes.


Mr. Cossé asked for the financial reports. Ms. Woodard informed the Board that the fund balance for the FY to date was approximately \$776,325,715, the total net collected in surcharge payments to date was approximately \$82,561,928, the total net filing fees collected to date were \$122,400, the total investment income earned to date was \$5,727,860, the total operating expenses to date were \$2,064,123, and the claims expenses to date were \$44,284,963. There were no questions asked and no public comments.

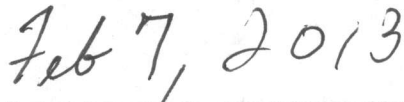
Mr. Cossé asked for the claims report. Mr. Schnauder informed the Board that December had been an average month. There were 94 claims opened and 111 claims closed, ending the month and the calendar year with a total pending claim count of 4,871. The total judicial interest paid for the month was \$0 and \$497,517 in legal fees and expenses were paid. He advised that litigation expenses, figured on a calendar-year basis, were on par with prior year figures. He advised that 1,424 panels were filed in 2012, not including 23 panels which are pending delivery to PCF from Division of Administration. (PCF considers postmark date to determine filing date; the 23 panels at DOA were postmarked 12-31-12 or earlier.) He advised the 1,424 figure was the lowest number of panels filed for a calendar year since 1994 which could be partially accounted for by the fact there were no mass panel filings in 2012. He advised the PCF is halfway through the 2012-13 Fiscal Year and that the Fund is about \$500,000 from being fully funded based on 2011 year-end ultimate liability figures. Mr. Schnauder presented 20 claims for

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settlement approval for the month in the amount of \$7,577,657. There were no questions asked and no public comments made.

Mr. Cossé asked if there were any questions or comments from the public. There were none. Mr. Cossé thanked the guests for attending the meeting. There being no further general business to discuss, General Session was adjourned. Dr. Culotta then made a motion for the Board to move into the Executive Session and Dr. Rathbun seconded the motion. The verbal vote was unanimous and the Board moved into Executive Session to discuss matters of litigation.

  
Mr. Clark Cossé III, J.D., Chairman



Date